

Message Text

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ORIGIN ABF-01

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00
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-----280745Z 024560 /21

R 271602Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

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E.O. 11652: N/A

TAGS: ABUD, EAIR, EG,US

SUBJECT: EXCESS FOREIGN CURRENCY: USE EGYPTIAN POUNDS FOR
TRAVEL

1. TWA/NYC HAS CONTINUED TO EXPRESS GREAT APPRECIATION
FOR EMBASSY ASSISTANCE LAST YEAR IN RESOLVING WITH
EGYPTIAN MINISTRY OF FINANCE ITS CONVERTIBILITY PROBLEMS
WITH EGYPTIAN POUNDS. THEY ADVISE THAT CONVERSIONS
ARE CURRENT THROUGH FEBRUARY 1, 1977. ON JANUARY 25, 1977,
TWA LIFTED ALL THEIR RESTRICTIONS ON ACCEPTANCE OF EGYPTIAN
POUNDS FOR OFFICIAL USG INTERNATIONAL TRAVEL, INCLUDING
TRAVEL TRANSITING EGYPT AND ON-LINE REQUIREMENTS.

2. TWA NOW ADVISES THAT ON FEBRUARY 15, 1977, THE
EGYPTIAN GOVERNMENT ISSUED A CIRCULAR WHICH INDICATED THAT
FOREIGN AIRLINES IN EGYPT HAD REALIZED A WINDFALL PROFIT IN
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THE YEARS 1973 THROUGH 1976 THROUGH THE USE OF A DOLS.
2.28 SELLING RATE AND CONVERSION AT THE OFFICIAL TRANSFER
RATE OF DOLS. 2.53. SUBSEQUENTLY, THE EGYPTIAN MINISTRY
OF FINANCE MADE A CLAIM ON TWA THROUGH BANKING CHANNELS
FOR THE RETURN OF 484,000 EGYPTIAN POUNDS. ON APRIL 1, TWA
CATEGORICALLY DENIED THE CLAIM, NOTING THE LOSSES THEY HAD
SUSTAINED FROM LONG DELAYS IN CONVERSION AND THE FACT THAT

THE AGREEMENT THEY REACHED LAST YEAR WITH THE MINISTRY OF
FINANCE ON CONVERSION OF THEIR POUND HOLDINGS CONTAINED
PROVISOS IMMUNIZING THEM FROM SUCH A RETROACTIVE CLAIM.

3. TWA HAS BEEN INCREASINGLY CONCERNED THAT A FAILURE TO
RESOLVE THIS ISSUE COULD RESULT IN PUNITIVE ACTIONS
AGAINST THEM BY THE EGYPTIAN GOVERNMENT, ACTIONS WHICH
COULD RESULT IN THEIR AGAIN HAVING TO REFUSE ACCEPTANCE
OF EGYPTIAN POUNDS FROM BOTH THE USG AND OTHER SOURCES.
CONSEQUENTLY, THEY HAVE BEEN TRYING SINCE FEBRUARY TO
ARRANGE A MEETING FOR THEIR CASH CONTROL MANAGER, MR.
FLOYD BILLINGS, WITH THE EGYPTIAN MINISTER OF FINANCE
THROUGH THEIR CAIRO REPRESENTATIVE, WITHOUT RESPONSE.
THEY BELIEVE SUCH A MEETING WOULD RESOLVE THE DIFFICULTY.

4. TWA HAS INQUIRED IF THE EMBASSY COULD ARRANGE AN
APPOINTMENT FOR MR. BILLINGS WITH THE EGYPTIAN FINANCE
MINISTER. MR. BILLINGS COULD BE AVAILABLE IN CAIRO ANY-
TIME DURING THE MAY 9-20 PERIOD, OR ANYTIME AFTER JUNE 6.

5. THE DEPARTMENT CONSIDERS THE PROPOSED MEETING TO BE
ADVANTAGEOUS TO USG INTERESTS, SINCE IT COULD AVOID
POTENTIAL LOSS OF USG ABILITY TO USE EGYPTIAN POUNDS FOR
TRAVEL ON A CARRIER OF ITS CHOICE, AND RECOMMENDS THAT
THE EMBASSY ARRANGE SUCH A MEETING IF POSSIBLE.

6. PLEASE ADVISE.
VANCE
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NNN

Message Attributes

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